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Meta Platforms, Inc. (NASDAQ: META)

Revenue grew 26%. Capex will be about 55% of revenue this year. At $610 a share, the price needs growth that does not slow down, or capex below its 2024 level.

RATING	PRICE (11/06/26)	FAIR VALUE	IMPLIED RETURN	GROWTH NEEDED
HOLD	$610.15	$540	-11.5%	24.5%

READ THIS FIRST · A HOLD MEANS THAT THE PRICE IS NEAR OUR VALUE. The ad business of Meta is very strong. The price of each ad rose 14% in a year. Our fair value is 11.5% below the price, which is inside our band for a HOLD. The price leaves little room for the capital program to disappoint.

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The author holds no position in META and has no plans to start one. A fair value is an opinion, not a prediction. Equities can lose value, and you can lose all of the money that you invest. The full disclosures are on the final page.

We start coverage of Meta Platforms with a **HOLD** and a fair value of $540. That is 11.5% below the close of $610.15 on Friday, November 6, 2026. We rate a stock HOLD when our fair value is within 15% of the price.

In the twelve months to September 30, 2026, Meta spent $108.0 billion on capital expenditure (capex). That is 45% of revenue. In 2024, the figure was 24%. The 2026 guide of $135 billion to $145 billion is about 55% of the revenue that Meta expects this year.

The market value is $1.56 trillion. After we add the cash and deduct the debt and the legal accruals, the price puts $1.55 trillion on the operating business. For that, our model needs one of three results. These are revenue growth of 24.5% next year, an EBITDA margin of 48.8%, or capex below its 2024 share of revenue.

In our base case, revenue grows 21.6% next year, on the trend of Meta's own guide. The margin stays at 46.5%, and capex falls back to its 2024 share by year 6. That gives $540.43 a share, which we round to $540.

SNAPSHOT	
Market value	$1.56T
Shares out	2,556M
Operating business, at the price	$1.55T
Revenue, last 12 months	$241.6B
Operating margin, without charges	38.4%
EBITDA margin, Q3, without the charge	46.5%
Growth the price needs, year 1	24.5%
Growth on the trend, year 1	21.6%
Capex, last 12 months	$108.0B
Capex, share of revenue	44.7%
Free cash flow, last 12 months	$25.1B
Free cash flow, Q3 2026	-$2.1B
2026 capex range	$135B to $145B
Leases not started	$355.7B
Price per ad, Q3	+14%
Price to operating earnings	20.2x
Outside items, per share	$4.51
Dividend yield	0.34%

SECTION ONE

What the third quarter showed

Meta reported on October 21, 2026. Revenue grew 26% to $64.6 billion. Ad impressions grew 10%, and the average price per ad rose 14%. Daily active people were 3.64 billion on average in September, up 3%.

The third quarter of 2026 against the third quarter of 2025, in $ millions.

Line	Q3 2025	Q3 2026	Change
Family of Apps revenue	50,772	64,158	+26.4%
Reality Labs revenue	470	443	-6%
Total revenue	**51,242**	**64,601**	**+26.1%**
Cost of revenue	9,206	13,369	+45%
Research and development	15,144	20,054	+32%
General and administrative, with the legal charge	3,512	14,857	
Operating income	20,535	12,988	-37%
Operating income without the legal charge	**20,535**	**22,878**	**+11%**
Reality Labs operating loss	(4,432)	(4,129)	
Depreciation and amortization	4,963	7,154	+44%
Capex, with finance lease principal	19,374	34,906	+80%
Free cash flow	**10,625**	**(2,120)**	

General and administrative costs include a charge of $9.89 billion for the August 2026 agreement with state attorneys general. The agreement allows payments of up to about $18.59 billion. Without the charge, operating income grew 11%, and the operating margin was 35.4%, against 40.1% a year earlier.

Costs grew faster than revenue. Cost of revenue grew 45%, and depreciation grew 44%. Capex grew 80%, so free cash flow was -$2.1 billion, the first quarter below zero in our data.

The stock fell 7.0% on October 22, and it is 12.5% below its close before the results.

SECTION TWO

The capital program

Capex against revenue, in $ millions. Capex includes principal payments on finance leases, as Meta defines it.

Period	Capex	Revenue	Share of revenue	Free cash flow margin
2024	39,225	164,501	23.8%	31.7%
2025	72,215	200,966	35.9%	21.7%
Twelve months to September 30, 2026	107,961	241,606	44.7%	10.4%
2026, guide midpoints	140,000	256,212	54.6%	

Meta raised the low end of the 2026 capex range three times. It was $115 billion to $135 billion in January. It is now $135 billion to $145 billion. The midpoint leaves $54.2 billion for the fourth quarter. Meta gave no figure for 2027, so we assume $180 billion.

Capex is not the full commitment. At September 30, Meta had $355.73 billion of leases that had not started, for data centers, energy, colocation and network. That is 3.3 times its capex of the last twelve months.

When an operating lease starts, its cost goes into operating expenses. When a finance lease starts, its principal payments go into the capex figure of Meta. So these leases will press on the margin or on capex, or on both.

Meta also had $454.52 billion of non-cancelable contractual commitments, with $121.41 billion due in 2027. It gave residual value guarantees of up to $41.49 billion to two data center ventures. Meta says that payments under these guarantees are not probable.

The program now uses outside money. Debt rose to $83.7 billion from $58.7 billion at the end of 2025, after $25 billion of notes in May. Meta bought back no stock in the first nine months of 2026. The share count rose 1.4% in a year.

SECTION THREE

What the price assumes

We value the operating business with a ten-year cash flow model and a 9% hurdle. Free cash flow is EBITDA, less tax on operating profit, less capex. Stock compensation stays in the costs, because it is a real cost to the holders.

Then we ask what one input must be for the model to give $610.15. We change one input at a time and keep the rest of the base case.

What the price needs, against the record. Each line changes one input in our base case.

Input	The price needs	For comparison
Revenue growth, year 1	24.5%	21.6% on the trend; the fourth-quarter guide is 21.9% to 26.9%
EBITDA margin, every year	48.8%	46.5% in the third quarter; 48.7% in the last twelve months
Capex, share of revenue, from year 6	21.3%	23.8% in 2024
Hurdle rate	8.5%	9%, our choice

Each line is possible, and that is why this is not a SELL. Growth of 24.5% next year is inside the range of the fourth-quarter guide. But it means that growth in 2027 does not slow from that guide. Growth has slowed in each quarter since the first quarter of 2026.

A margin of 48.8% is the level of the last twelve months. But the margin fell in the second and third quarters. The guide for the fourth quarter implies an operating margin of 33.0%, against 41.3% a year earlier.

A capex level of 21.3% from year 6 is below the 23.8% of 2024. With $356 billion of leases still to start, we do not assume a lower level than 2024.

SECTION FOUR

Our base case

Revenue grew 33.1%, 28.0% and 26.1% in the first three quarters of 2026. The midpoint of the fourth-quarter guide is 24.4%. The rate fell by an average of 1.8 points in each of the last two steps.

We continue that step for three more quarters: 22.6%, 20.8% and 19.0%. Together with the fourth-quarter guide, that gives growth of 21.6% in year 1. The rate then falls in steps to 4% in year 10.

EBITDA margin by quarter, without the legal charges and the severance of 2026.

Quarter	Revenue	EBITDA margin
Q1 2025	42,314	50.7%
Q2 2025	47,516	52.2%
Q3 2025	51,242	49.8%
Q4 2025	59,893	50.3%
Q1 2026	56,311	51.3%
Q2 2026	60,801	47.2%
Q3 2026	**64,601**	**46.5%**

The EBITDA margin stays at 46.5%, the level of the third quarter without the legal charge. It includes the loss of Reality Labs, which was $18.8 billion in the last twelve months. Meta expects that loss to be about $15 billion in 2027.

Capex is $189 billion in year 1 and 50% of revenue in year 2. It then falls in steps to 23.8% by year 6, the share of 2024.

Our base case, in $ millions. Year 1 is the twelve months to September 30, 2027.

Year	Revenue	Capex	Share	Depreciation	Free cash flow
Year 1	293,894	189,176	64%	44,381	(68,231)
Year 2	351,737	175,869	50%	70,032	(28,244)
Year 3	414,070	179,960	43%	94,915	(4,054)
Year 5	545,485	165,738	30%	143,681	69,165
Year 6	610,075	145,471	24%	164,846	117,952
Year 10	797,231	190,098	24%	168,314	146,130

Free cash flow is below zero for three years, a total of -$100.5 billion. By year 10, it is 18.3% of revenue. The value after year 10 is 77% of the total, so the long-run level of capex is the main question.

SECTION FIVE

The balance sheet outside the business

The balance sheet outside the operating business, September 30, 2026, in $ millions.

Item	$ millions
Cash, cash equivalents and marketable securities	82,449
Non-marketable equity securities, at their carrying value	32,624
Less debt, current and long-term	(83,669)
Less legal accruals, current and non-current	(19,881)
Total	**11,523**
Per share	**$4.51**

We deduct the legal accruals because they are cash that Meta will pay. They rose to $19.9 billion from $7.3 billion at the end of 2025. We do not deduct the operating lease liabilities of $31.2 billion, because their cost is already in the EBITDA margin.

Together, these items add only $4.51 a share. On operating income after tax, without the one-time charges, the price is 20.2 times earnings.

SECTION SIX

Valuation

Three cases at a 9% hurdle and 3% growth after year 10.

Case	Inputs	Revenue, year 10	Free cash flow margin, year 10	Value	Return
Bull	Growth 25.6% to 5%; margin 50.5%; capex 18.0%	$989 billion	26.6%	$1,009	+65.4%
Base	**Growth 21.6% to 4%; margin 46.5%; capex 23.8%**	**$797 billion**	**18.3%**	**$540**	**-11.4%**
Bear	Growth 15.6% to 3%; margin 40.5%; capex 29.9%	$585 billion	8.3%	$139	-77.3%

The bull case needs growth that starts at 25.6%, a margin four points higher and capex at 18% of revenue. It gives $1,009, which is +65.4%. The bear case keeps capex midway between 2024 and 2025. It gives $139, which is -77.3%.

Value per share in our base case, by hurdle and growth after year 10.

Hurdle	2.5% growth	3.0%	3.5%
8.0%	$630	$682	$746
8.5%	$563	$605	$654
9.0%	**$507**	**$540**	**$580**
9.5%	$459	$486	$519
10.0%	$417	$440	$467

From an 8% to a 10% hurdle, the grid goes from $417 to $746. The price is reached only at an 8% hurdle, or at 8.5% with 3.5% growth after year 10.

Value per share by EBITDA margin and by capex as a share of revenue from year 6.

EBITDA margin	18.0% capex	20.0%	23.8%	30.0%
40.0%	$511	$455	$348	$176
43.0%	$600	$544	$437	$265
46.5% (Q3)	**$704**	**$648**	**$540**	**$368**
48.7% (12 months)	$771	$715	$607	$435
52.0%	$867	$811	$704	$532

Capex from year 6 matters most. Capex of 20% of revenue in place of 23.8% adds about $107 a share. Our assumption for 2027 capex matters less: each $30 billion moves the value by about $7.00 a share.

SECTION SEVEN

Why this is a HOLD

Our central value is 11.5% below the price. That is inside our band of 15%. The bear case is 77% below, and the bull case is 65% above, so the risk leans down.

We do not say that the capex is a mistake. Ad prices and ad volume both grew, and Meta says that better ad performance drove the higher prices. We say that the price already pays for a good result.

The dividend is $0.525 a quarter, a yield of 0.34%. There are no buybacks to support the price.

SECTION EIGHT

Risks, and what would change our mind

Growth does not slow. If 2027 grows as fast as the fourth-quarter guide, the base case gives about the price. Growth above that gives more.

Reality Labs. Meta expects the loss to fall to about $15 billion in 2027, from $18 billion to $19 billion in 2026. A smaller loss adds to the margin.

Legal costs. Legal accruals are $19.9 billion. Meta says that more youth trials will start soon in the United States.

The leases. $356 billion of leases have not started. Their cost can lower the margin more than our base case shows.

Downgrade to SELL if the price goes above about $635. At that price, our fair value is 15% below the price. **Upgrade to BUY** if the price falls below about $470, or if capex falls as a share of revenue while growth stays above 20%.

SECTION NINE

Related research

Reports that bear on this one. Every call on this site is dated, public and scored the same way.

Alphabet, where we asked the same question about a larger capital program. We rated it SELL.

Taiwan Semiconductor, the supplier side of the same programs, which we rated BUY.

The field guide defines reverse DCF and free cash flow. The full list of calls is on the scoreboard.

APPENDIX

Methodology, sources and disclosures

Methodology

A model script computes every figure in this report. It checks that the segments add to reported revenue and operating income in each quarter. It also checks that the quarters add to the nine-month and full-year totals.

It checks that free cash flow in each quarter matches the figure that Meta reports, and that the market value agrees with public figures. Year 1 revenue in the base case must equal the trend that the text describes.

The model uses a 9% hurdle and 3% growth after year 10. The tax rate is 17%, the rate of the third quarter without the charge. Depreciation uses a 6-year life, and it changes only the tax.

We take out the legal charges of $2.40 billion and $9.89 billion and the severance of $1.18 billion from the margin. We ignore changes in working capital, interest income and future share issues. The share count is 2,556.2 million, from the cover of the Form 10-Q.

The reference price

The $610.15 reference price is the close of META on Friday, November 6, 2026. Five sources state $610.15: stockanalysis.com, fool.com, marketscreener.com, chartexchange.com and tradingeconomics.com.

Stockanalysis and ChartExchange show the prior close of $605.08, and that close plus $5.07 is $610.15. We rejected old pages, a page that showed a price during the day, and pages that showed the last trade of the hour, $610.10.

Sources

Third quarter 2026 earnings release, October 21, 2026. Source for revenue, segments, costs, the legal charge, cash flow, the balance sheet and the guide.

Form 10-Q for the quarter ended September 30, 2026, for the share count, the liabilities, legal accruals, leases, commitments and the ventures.

Second quarter 2026 earnings release, for the quarter, the legal charge and the severance.

First quarter 2026 earnings release, for the quarter and the April capex range.

Fourth quarter 2025 earnings release, for the fourth quarter of 2025, the full years 2024 and 2025, and the first 2026 capex range.

Form 10-Q for the quarter ended September 30, 2025, for the share count a year earlier.

Dividend release of September 10, 2026, for the dividend of $0.525 a share.

Third quarter 2026 earnings call transcript, for the capex range and the comment on 2027.

Stockanalysis, price history, for the closes of October 21, October 22, November 5 and November 6.

Motley Fool, November 6, 2026, for the close and the market value.

How we score this call

This call is dated and public. It joins the scoreboard as an open position at $610.15. We will score it against the S&P 500 on November 7, 2027, under the same rules as every other call.

Nature of this publication

The author holds no position in META and has no plans to start one within 72 hours of publication. This report is opinion for education. It is not investment advice.

2 Comma Investor is not a registered investment adviser or broker-dealer. If a correction is necessary, we will publish it on this page with a date.

A fair value is an opinion about a range of results, not a prediction, and it can be wrong. Past results do not tell you future results. Do your own research, and ask a qualified professional before you make a financial decision.

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Initiated November 7, 2026 at $610.15. Rating HOLD. Fair value $540. Score date November 7, 2027.